Annual Report

2007

Yukon Workers' Compensation Health and Safety Board

Yukon Workers' Compensation Health and Safety Board

Commission de la santé et de la sécurité au travail du Yukon

Members of the Board

The Yukon Workers' Compensation Health and Safety Board (YWCHSB) is governed by a Board of Directors made up of two representatives of workers, two representatives of employers, a neutral chair and a neutral alternate chair. The chair of the Yukon Workers' Compensation Appeal Tribunal[1] and the President/CEO of the YWCHSB sit as non-voting members.

Craig Tuton, *Chair*
Appointed April 1, 2006 – March 31, 2009
(Earlier appointment: March 31, 2003 – March 30, 2006)

Vicki Hancock, *Alternate Chair*
Appointed August 15, 2006 – August 14, 2009

Barbara Evans, *Representative of Workers*
Appointed September 19, 2005 – September 18, 2008
(Earlier appointments: September 19, 2002 – September 18, 2005; March 1, 2000 – August 30, 2002)

Michelle Kolla, *Representative of Workers*
Appointed July 21, 2006 – July 20, 2009
(Earlier appointments: July 21, 2003 – July 20, 2006; July 10, 2001 – July 9, 2003)

Gary Annau, *Representative of Employers*
Appointed November 29, 2005 – November 28, 2008
(Earlier appointment: November 29, 2004 – November 28, 2005)

Don Frizzell, *Representative of Employers*
Appointed December 23, 2004 – December 22, 2007
(Earlier appointment: December 23, 2002 – December 22, 2004)

(Mr. Frizzell chose not to seek re-appointment at the end of his term in December, 2007, and was replaced by Tamara Goeppel, whose term runs from February 8, 2008 – February 7, 2011)

Ed Sumner, *Workers' Compensation Appeal Tribunal Chair*
Appointed April 1, 2006 – March 31, 2009
(Earlier appointment: March 31, 2003 – March 30, 2006)

Valerie Royle, *President/CEO*

---

[1] *Effective July 1, 2008, the chair of the Workers' Compensation Appeal Tribunal is no longer a member of the Board of Directors as per the Workers' Compensation Act 2008.*

Message from the Board

The Board of Directors of the Yukon Workers' Compensation Health and Safety Board (YWCHSB) is proud of its accomplishments in 2007.

Continuing on the path laid out in its 2006 – 2010 Strategic Plan, the Board is pleased to report that its direction and efforts are clearly showing tangible results.

With a fresh, public emphasis on timely reporting of workplace injuries combined with improvements to case management processes, and with actuarial calculations factoring in changes to be implemented in the 2008 *Workers' Compensation Act*, claims costs for 2007 were cut by more than $4 million—despite there being no reduction in workplace injuries.

The Board is proud of the work done last year by all stakeholders in preparing a new *Workers' Compensation Act,* which is now in place. The new *Act* empowers workers, employers, physicians, other health care providers and the YWCHSB to work as a team to get injured workers back on the job, safely and quickly. This means reduced claims duration, which lowers the costs of the workers' compensation system and eventually leads to lower assessment rates.

The new Investigator position created by the Board has already proven to be a great investment, saving YWCHSB hundreds of thousands of dollars in the first six months of activity.

The Board is also encouraged with the growing number of employers who are emphasizing safety in their workplaces by achieving COR certification; this means work by and for these companies must be done using the highest safety standards.

The Board is proud of its effective partnerships with stakeholder representatives to shape policy and help set priorities, and with successful Prevention Fund applicants in working to improve safety and return-to-work outcomes in Yukon workplaces.

The Board of Directors feels confident that by staying on the path of its strategic plan to 2010, we will achieve better services for injured workers and safer Yukon workplaces, which reflect reduced costs for employers.

CHOICES

The CHOICES incentive program is aimed at encouraging and rewarding employers who improve safety in their workplaces and commit to the development of Return-To-Work planning for injured employees.

Employers can choose their own level of participation and select whether they receive cash rewards or more valuable reinvestment in workplace safety. More importantly, CHOICES employers now have simple tools to improve workplace safety and to help injured workers back into the workplace, which will help protect workers and cut costs of the workers' compensation system.

(Approximately 500 Yukon employers signed up for CHOICES at the first intake in February, 2008, including the majority of large employers).

Small employers in particular told us they were surprised at how little time it took to qualify for the program—often only 15 minutes. Employers who qualified at the first intake and selected reinvestment rewards instead of a cash rebate will be able to apply for the next round of rewards on July 1st.

Employers who missed out can next apply in February, 2009.

Workplace Safety

There is no question that Yukon workplaces can and must improve safety. For 2007, 2,023 injury reports were received by the Yukon Workers' Compensation Health and Safety Board, representing 12.9% of the Yukon workforce—the highest number of workplace injuries ever reported. One Yukon worker was killed on the job in 2007.

YWCHSB continues to partner with organizations to deliver safety education to employers and is working with the Department of Education to improve workplace safety education in schools.

YWCHSB continues its partnership with the Yukon Federation of Labour to promote the Day of Mourning on April 28th each year. It is a day to remember workers killed or injured on the job. This event helps focus community attention on the human costs of poor workplace safety.

In addition, YWCHSB enforcement officers are now better able to focus their efforts in areas of concern because the new claims management system allows them to accurately track injury and safety trends.

Notice was also given in 2007 that penalties would be assessed for employers who are late in filing Employer Injury Reports. The Yukon *Workers' Compensation Act* allows employers three days before their report must be filed. The average filing time for employers last year was about a month. To assist with this, YWCHSB distributed a new injury reporting poster, and set up online reporting for both employers and injured workers.

Early Return-To-Work and Recovery

YWCHSB's new claims system was implemented in 2007. It has contributed significantly to administrative efficiencies and has improved the abilities of case managers to address claims duration and help injured workers get back on the job earlier.

Duration, or the length of time an injured worker is not on the job, continues to be a key cost driver.

YWCHSB has significantly improved the number of time loss claims that are closed within 90 days. The number of claims older than a year is also showing a steady decline.

Efficiencies within the new claims system also contributed to a 33% decrease in the length of time it takes to begin time loss payments to injured workers.

A weekend Return-To-Work symposium led by the Yukon Federation of Labour and the Yukon Chamber of Commerce educated health care providers that returning injured workers to their pre-injury jobs as soon as it is safe to do so improves both their rate and degree of recovery.

One of the first positive outcomes from the symposium was the development and implementation of a Functional Abilities Form for health care professionals. Injured workers are now assessed on what functions they are capable of doing while they recover from their injury, offering an important tool for managing early and safe Return-To-Work.

This new focus for the health care community plays a key role in improving outcomes for injured workers and will help reduce claim duration.

Yukon's Federation of Labour continues its free Return-To-Work training and education program. Return-To-Work benefits the injured worker as well as the employer's bottom line. Getting injured workers back on the job is a priority and key solution to reducing system costs.

Effective Policies

A number of complex policy issues were successfully dealt with in 2007. This could not have been accomplished without the hard work of the members of the Policy Working Group, the Stakeholder Advisory Committee and others. YWCHSB sincerely appreciates the time and effort afforded by these people involved in creating or updating the following policies:

Adjudicating Psychological Disorders

Workers may be exposed to a series of sudden and traumatic events. There may be psychological disorders that constitute a work-related incapacity. This policy provides clarity for decision makers who are looking at claims submitted for psychological disorders.

Gradual Onset Musculoskeletal Disorders

This type of disorder arises as the result of multiple risk factors, such as repetition, force, awkward postures, vibration, and extremes of temperature. The best management strategy for the majority of these disorders is to modify the type of work being done, the work environment or both. Workers and employers will benefit from recognizing how preventable work-related gradual onset musculoskeletal disorders are and what steps can be taken to reduce workplace injuries from these disorders. This policy also clarifies the elements which are considered when deciding if a claim is compensable.

Pre-existing Conditions

A pre-existing condition refers to an injury or illness that is **not** work-related. The changes made to this amended policy clarify the specific elements which are accepted as part of a pre-existing condition. Workers and employers will benefit from a policy that is easier to read and understand.

Negligence Cost Transfer

This new policy allows for the transfer of the costs of an injury from one employer's industry to that of another employer, where a worker was injured or killed owing to the negligence of another employer or his/her worker(s). Employers have a duty to take appropriate measures to ensure that workplace machinery, equipment and processes under the employer's control are safe. Employers must ensure that workers are aware of workplace hazards, that their workers understand their responsibility to correct those hazards when possible, and, if not, what steps are to be followed to eventually correct the hazard.

Rehabilitation

Changes were made to this policy in order to make the process of developing Return-To-Work plans easier and to clarify the roles and responsibilities of employers and workers in the Return-To-Work process. These changes will assist with the implementation of the policy and expedite return to work planning with individual claims.

Arising Out of and In the Course of Employment

This policy clarifies and merges concepts formerly contained in six separate policies. It includes specific information stating the responsibilities of both the employer and the worker in preventing workplace injuries. It allows for early treatment to prevent disease when a worker is exposed to contaminants.

Compensation Fund Investment

Changes to this policy formalize the Board of Directors' investment objectives. It establishes return objectives and asset mix. The policy also establishes the risk and return parameters, defines the governance structure, and provides for monitoring procedures.

The policy changes allow the fund to hold income trusts, hold a small percentage of higher yielding fixed income instruments and increase the primary real return objectives from 3.0% to 3.5%.

Complete details on all our policies can be found on our website: www.wcb.yk.ca

Investigator

An investigator to enforce the Yukon *Workers' Compensation Act* started his duties this year. Highlights of this position's first year of activity will be presented at the Annual Information Meeting in September, 2008.

Prevention Fund

The five-year, $5 million Prevention Fund was established in late 2005 to assist and empower Yukon workers and employers to make Yukon workplaces safe and healthy.

Applications to the Prevention Fund for programs in line with the Fund's objectives continue to be encouraged. Details of how to apply to this Fund can be found on the Yukon Workers' Compensation Health and Safety Board website at www.wcb.yk.ca.

The YWCHSB has partnered with a number of organizations on projects to improve workplace safety and Return-To-Work outcomes. Some of these projects include:

Yukon Federation of Labour and Yukon Chamber of Commerce:

YWCHSB partnered with these two organizations to present the first-ever Return-To-Work Symposium in the north. About 150 participants, including government, First Nations, the business community, labour and health care professionals attended this two-day event. The focus of the symposium was to educate participants about recent studies that have proven getting an injured worker back on the job safely and quickly benefits both employers and workers.

Yukon Federation of Labour

This partnership has led to a three level training program for employers and workers that provides education about the workers' compensation system and helps employers and workers develop a Return-To-Work plan to assist injured workers get back on the job as safely and quickly as possible.

Yukon Mine Training Association

About a half dozen mine-related training projects have been completed with 50 First Nation and non-First Nation people trained in various capacities. The YMTA project reviews the needs of industry, First Nations and training providers to develop safety training programs. The YWCHSB Prevention Fund is one of several funding partners for this project.

Whitehorse PARTY Program

("Preventing Alcohol and Risk-related Trauma in Youth") This program is aimed at educating grade 9 and 10 students about injury prevention, the consequences of risk-taking behaviour and their shared responsibility for safety. Close to 350 students and youth from 19 Yukon schools have participated in this program.

Continuing Care Branch, Health and Social Services

Funding from YWCHSB is provided to this pilot program to train service staff in injury prevention. About 15 staff are now trained as Peer Leaders and each will act as resource/mentor/coach for co-workers. Planning also continues to assist injured workers to return to their jobs as safely and quickly as possible. This pilot program will be made available to other Yukon employers after it has been fully evaluated.

Yukon Human Rights Commission

The Commission partnered with YWCHSB to develop and deliver a human rights and workplace safety responsibilities training program. Employer and employee sessions about harassment-free workplaces have been carried out in Whitehorse, Watson Lake, Teslin, Mayo, Burwash Landing, Haines Junction and Pelly Crossing. The Commission is also developing materials for e-learning or e-seminars.

Property Management Agency

The agency is developing a comprehensive program aimed at injury prevention and Return-To-Work programs for custodial workers. This pilot program will be made available to other Yukon employers after it has been fully evaluated.

Northern Safety Network Yukon

The on-going goal of this program is to develop and deliver safety programs to small and medium sized businesses. The Northern Safety Network Yukon (NSNY), in partnership with the Whitehorse Chamber of Commerce, is a driving force in the territory, working with businesses to develop safety prevention and safe work practices designed specifically for each businesses' needs.

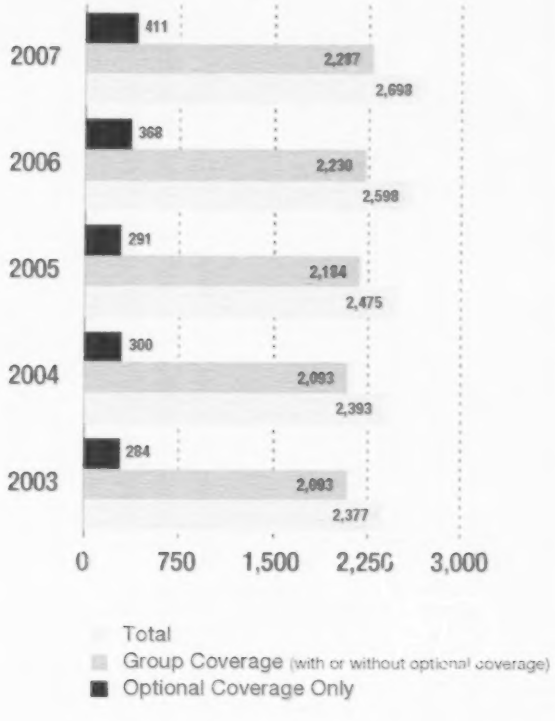
In addition to this Prevention Fund project, the YWCHSB provides core funding to NSNY to support its broader mandate. NSNY offers numerous safety training courses and assists employers to complete the Certificate of Recognition (COR) program, which is the most comprehensive safety program available for medium sized businesses. In 2007, NSNY registered 10 more businesses in the COR program with 17 companies completing program requirements. NSNY has recently developed a similar program called Small Employer Certificate of Recognition (SECOR) that is aimed at employers with fewer than 20 employees. Five Yukon businesses have registered in SECOR and one company has successfully completed the program.

In 2007, 193 Yukoners participated in a variety of safety training courses offered by NSNY.

The Northern Safety Network Yukon's partnerships with municipalities, industry groups and associations as well as territorial and federal governments are establishing new roots for safety culture change in Yukon.

2007 Statistics

Employers Registered



Hearing Officer

January 1, 2007 to December 31, 2007

Reviews by Hearing Officer	44
Decisions confirmed	26
Decisions reversed	15
Decisions varied	3
No jurisdiction	0

Appeal Panel

January 1, 2007 to December 31, 2007

Occupational Health and Safety Appeals	**0**
Confirmed	0
Revoked	0
Decreased	0
Assessment Appeals	**1**
Decisions confirmed	1
Decisions reversed	0
Decisions varied	0

Workers' Compensation Appeal Tribunal

January 1, 2007 to December 31, 2007

Appeals advanced by the Workers' Advocate Office	**12**
Appeals allowed	7
Appeals denied	4
Decisions pending	1

Release of Information Statistics for 2007

	Workers' Advocate	Worker	Employer	Appeal Tribunal	Other	Total
Jan/Mar 2007	60	25	2	33	0	120
Apr/Jun 2007	39	17	7	11	1	75
Jul/Sep 2007	53	15	7	19	0	94
Oct/Dec 2007	42	12	4	3	1	62
Total	**194**	**69**	**20**	**66**	**2**	**351**

Reported Injuries vs. Accepted Claims

The Difference

The number on the sign outside the YWCHSB office is the number of workplace injury reports that have been filed with YWCHSB during the calendar year. These are reported injuries.

If an injured worker received medical treatment from a doctor or other health care provider, a claim for compensation will be submitted to YWCHSB. This is now officially a claim.

YWCHSB adjudicators then assess these claims to determine if the injury meets the legal criteria for a compensable injury. If this is the case, it now becomes an accepted claim.

At this point, YWCHSB is committed to pay all future costs associated with the injury. These costs may include medical and rehabilitative expenses as well as compensation for lost wages.

Prevention

If accepted claims are the most costly, why is there is also emphasis on reported injuries, which may not cost the system much money?

Focusing on the prevention of injuries leads to fewer accepted claims, less cost on the system and better productivity in the workplace. Reported injuries are an important indicator of how workplaces are doing with injury prevention. They also reveal trends and hazards that need correcting.

For example, in 2007 over 250 workers were injured by slips, trips and falls – usually on ice. Depending on a worker's physical condition and how they fell, falling might result in only a bruise, which is an inexpensive, reported injury. However, if the worker broke their hip in the fall, the accepted claim would cost thousands of dollars.

Correcting simple hazards, like icy walkways, prevents injuries from occurring in the first place.

Prevention is the key to fewer injuries = fewer claims = lower costs.

Reporting Injuries

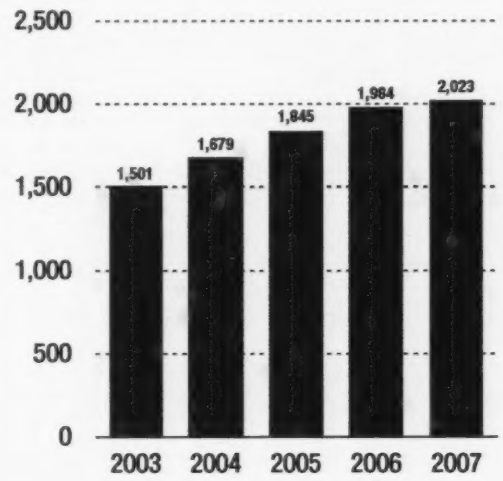
Reported injuries do incur some costs to the system, because each report has to be examined and adjudicated. Should it become a claim? That takes staff time.

General guidelines for reporting injuries are as follows:

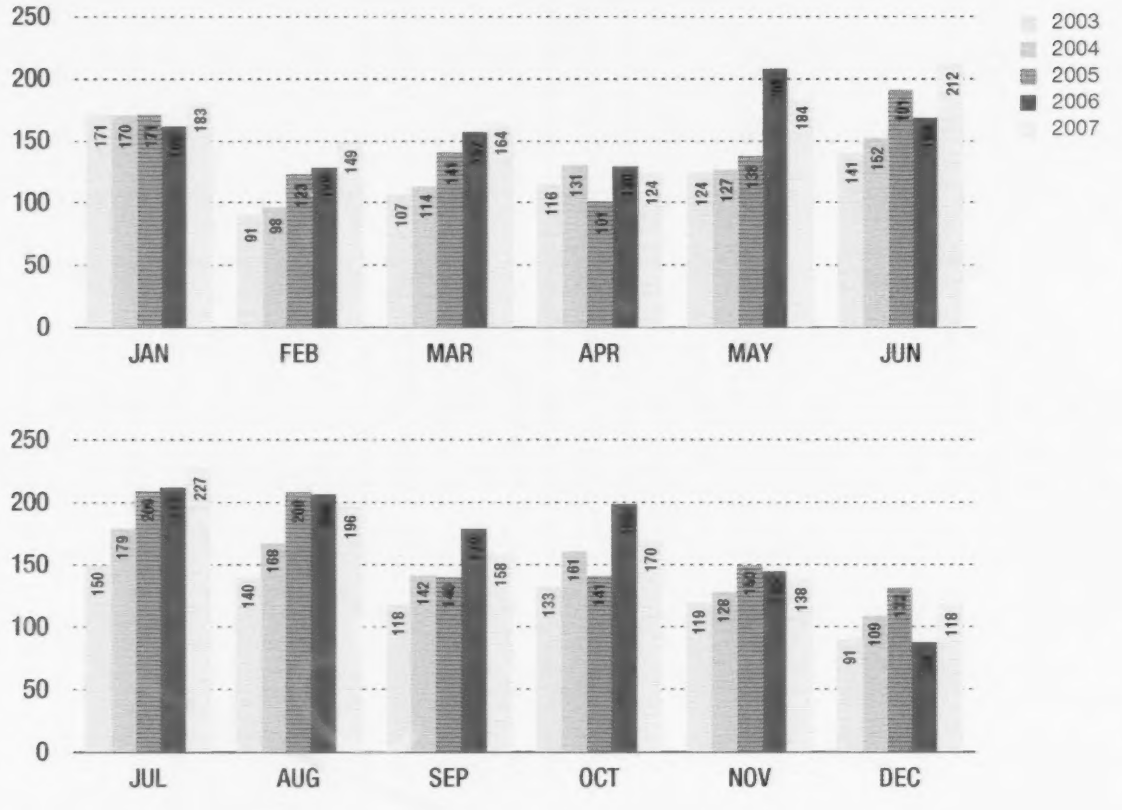
- all workplace injuries need to be reported first to the employer, and every worker should be aware of how and when to do that;
- if the injury requires medical attention beyond first aid, it must be reported to YWCHSB;
- if the worker takes time off work to recover from the injury, it must be reported to YWCHSB;
- if it is first aid only, the employer needs to keep track of it with first aid records, but probably doesn't need to report it to YWCHSB;
- when in doubt, report a workplace injury to YWCHSB.

Occupational Health and Safety (part of YWCHSB) has a separate set of reporting requirements that require any serious injury or serious incident (close call) to be reported immediately.

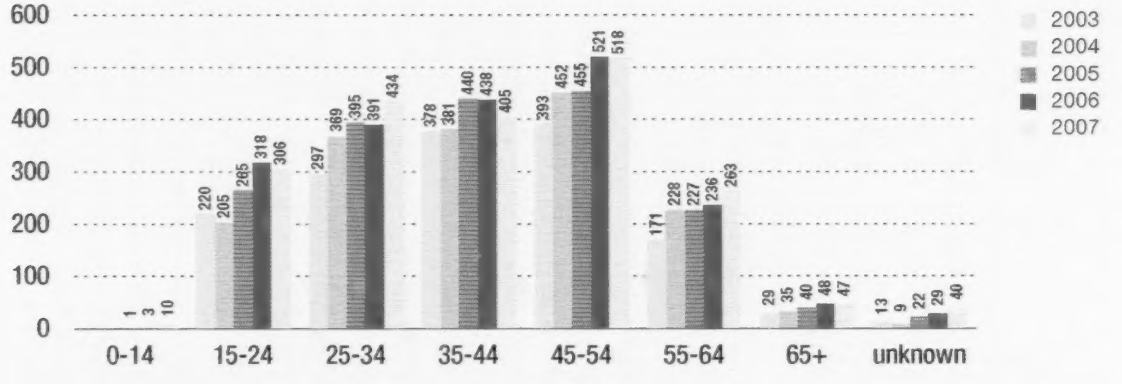
Total Reported Incidents



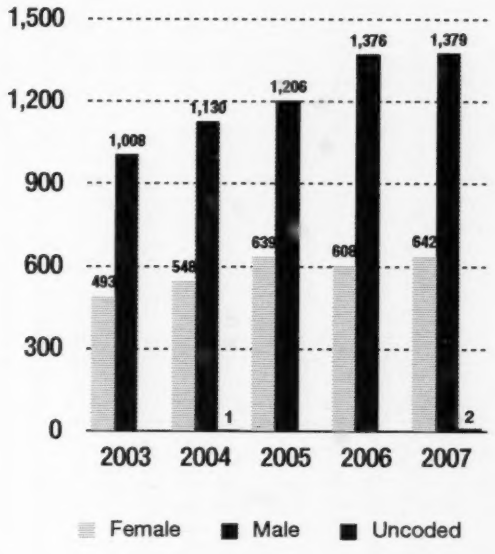
Reported Incidents by Incident Month



Reported Incidents by Age Group



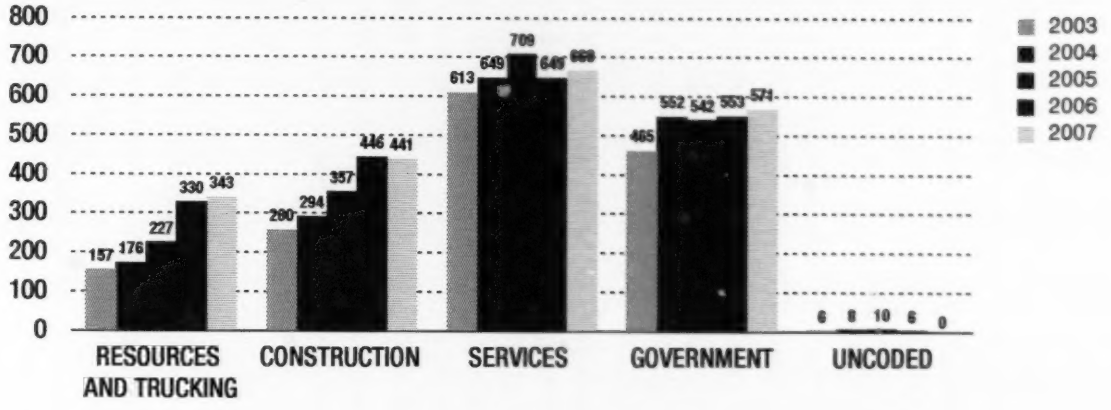
Reported Incidents by Gender



Reported Incidents by Part of Body Affected

	2007	2006
Head	300	317
Neck, including throat	38	24
Trunk	578	492
Upper extremities	619	620
Lower extremities	342	323
Body systems	79	77
Multiple body parts	60	117
Other body parts	7	14
Total	**2023**	**1984**

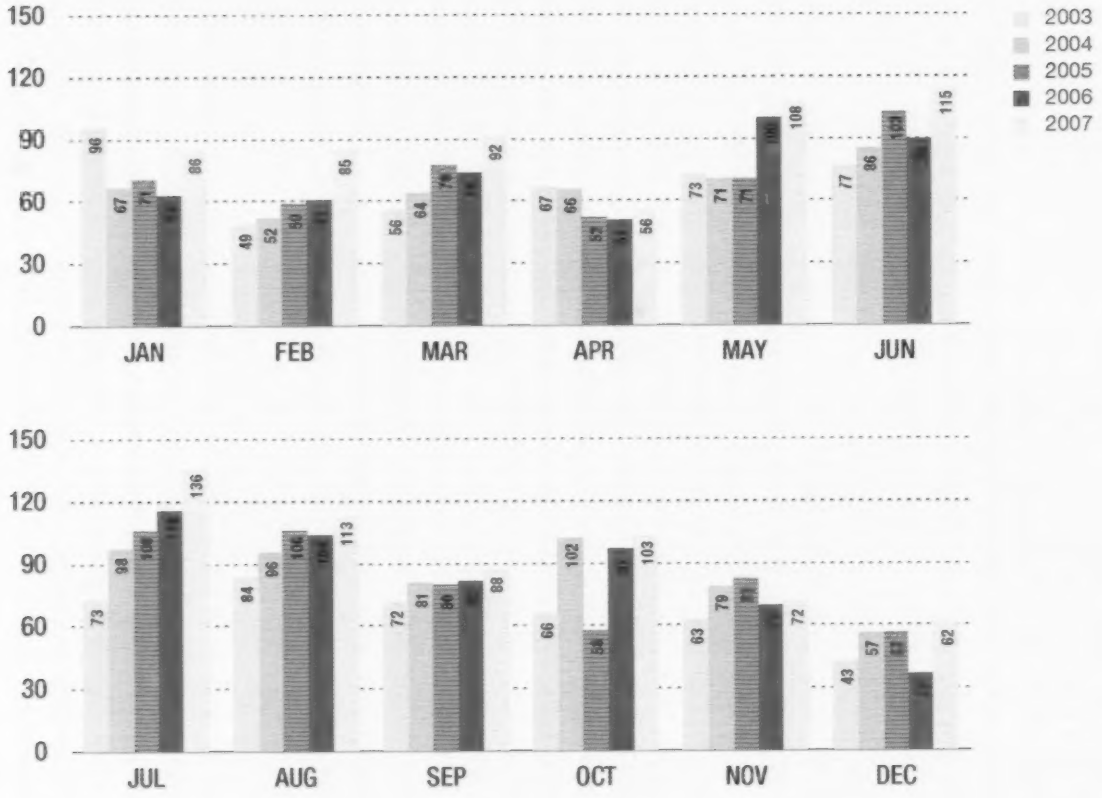
Reported Incidents by Class



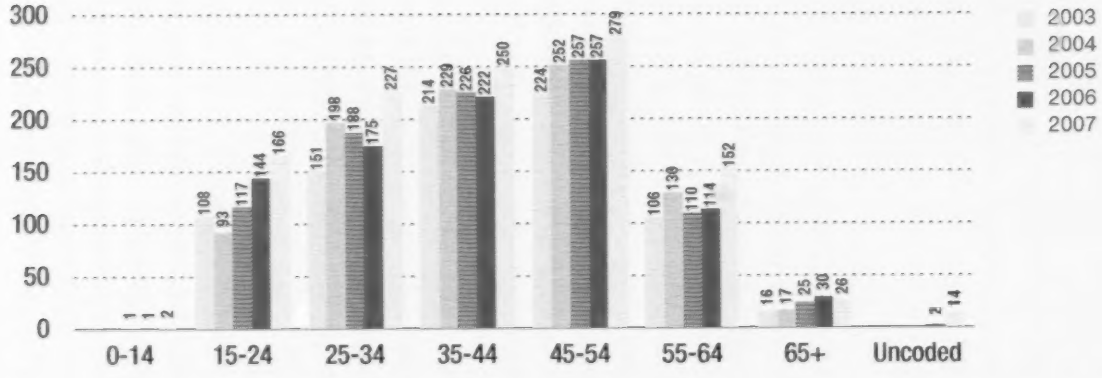
Reported Incidents by Industry

	2007	2006
101 - Diamond Drilling	83	87
102 - Drilling Gas or Oil Wells	3	2
103 - Drilling or Digging Water Wells	0	0
104 - Exploration	71	69
105 - Farming, Trapping or Fishing	5	7
106 - Gravel Crushing or Stockpiling	1	4
107 - Logging, Log Hauling, Skidding or Sawmills	6	5
108 - Long Haul Trucking	34	35
109 - Mapping, Surveying or Prospecting	12	7
110 - Metal Mining	28	11
111 - Placer Mining	31	21
112 - Short Haul Trucking	20	28
113 - Slashing, Staking or Line Cutting	7	4
201 - Bridge Construction or Road Making	58	65
202 - Building Construction	151	185
203 - Concrete Construction	5	5
204 - Concrete Mixing Plants	1	2
205 - Construction of Transmission Lines	1	9
206 - Electrical Contractors	25	14
207 - Excavation	16	13
208 - Heating and Air Conditioning	13	12
209 - Landscaping	0	3
210 - Lumber Yards	36	18
211 - Machine, Carpentry or Glazing Shops	28	22
212 - Other Service Trades	46	37
213 - Painting, Drywalling or Plastering	10	7
214 - Plumbing, Steam Fitting or Gas Fitting	11	15
215 - Trailer Courts	4	4
216 - Welding Shops or Portable Welding	36	35
301 - Air Services	32	37
302 - Vehicle Sales or Service	71	59
303 - Bulk Oil Dealers	7	11
304 - Bus Lines or School Buses	4	4
305 - Churches, Libraries, Museums or Schools	14	17
306 - Cities, Towns, Villages or Municipalities	63	68
307 - Clubs or Recreation Centres	8	10
308 - Communication Services	8	9
309 - Daycare	16	20
310 - Heavy Equipment Sales or Service	12	8
311 - Homes for Children or Seniors	42	34
312 - Hotels, Motels, Lodges, Cabarets or Lounges	67	82
313 - Light and Power Operations	5	8
314 - Other Business	27	16
315 - Other Service Industries	31	37
316 - Outfitting	6	9
317 - Printing, Publishing or Engraving	2	3
318 - Professional Offices	37	41
319 - Restaurants and Caterers	63	49
320 - Retail Sales	156	146
321 - Wholesale Establishments	26	13
325 - Wilderness Adventure Tourism	13	18
401 - First Nations	73	63
402 - Government of The Yukon	498	490
999 - Unknown or Not Coded	0	6
Total Reported Incidents	**2023**	**1984**

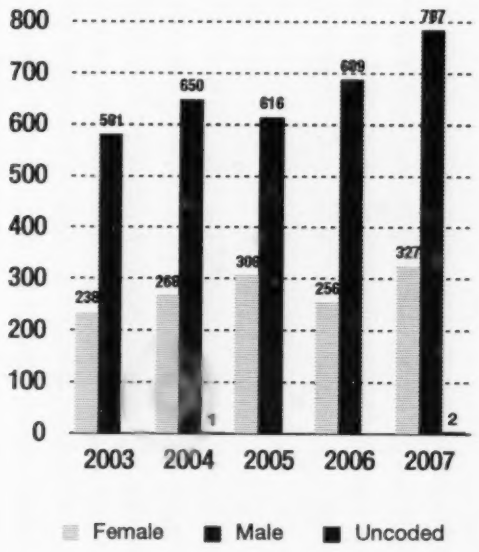
Accepted Claims by Incident Month



Accepted Claims by Age Group



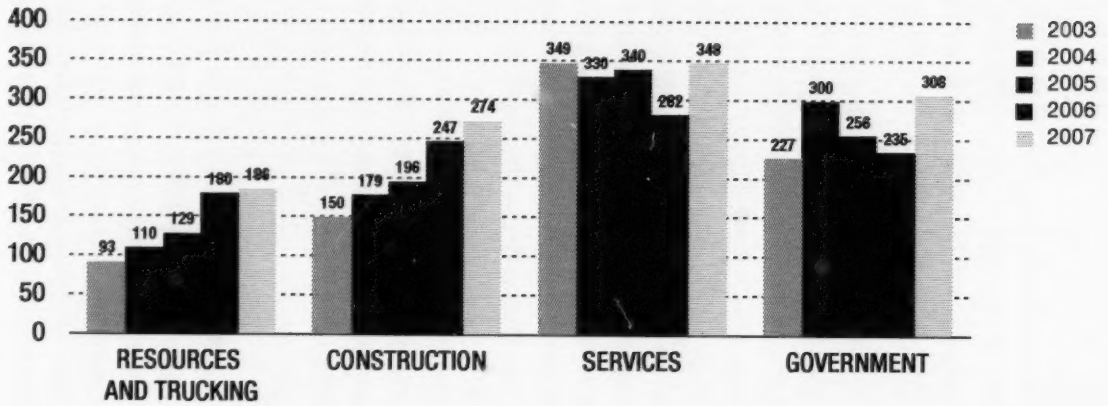
Accepted Claims by Gender



Accepted Claims by Part of Body Affected

	2007	2006
Head	146	130
Neck, including throat	20	8
Trunk	343	263
Upper extremities	344	289
Lower extremities	214	178
Body systems	17	12
Multiple body parts	31	62
Other body parts	1	3
Total	**1116**	**945**

Accepted Claims by Class



Accepted Claims by Nature of Injury

	2007	2006
Traumatic injuries and disorders	1046	838
Systemic diseases and disorders	18	61
Infectious and parasitic diseases	6	4
Neoplasms, tumors, and cancer	0	1
Symptoms, signs, and ill-defined conditions	26	21
Other diseases, conditions, and disorders	3	0
Multiple diseases, conditions, and disorders	0	0
All others	17	20
Total	**1116**	**945**

Accepted Claims by Source of Injury

	2007	2006
Chemicals and chemical products	25	31
Containers	80	75
Furniture and fixtures	42	39
Machinery	45	57
Parts and materials	136	136
Persons, plants, animals, and minerals	273	198
Structures and surfaces	214	174
Tools, instruments, and equipment	159	94
Vehicles	64	49
All others	78	92
Total	**1116**	**945**

Accepted Claims by Event

	2007	2006
Contact with objects and equipment	439	342
Falls	188	107
Bodily reaction and exertion	378	367
Exposure to harmful substances or environments	35	72
Transportation accidents	40	38
Fires and explosions	3	2
Assaults, violent acts and harassment	27	16
All others	6	1
Total	**1116**	**945**

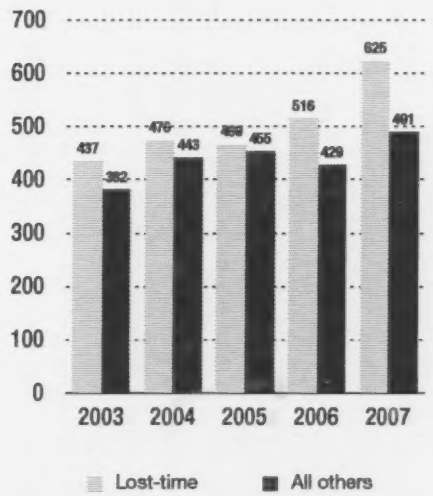
Accepted Claims by Industry

	2007	2006
101 - Diamond Drilling	51	57
102 - Drilling Gas or Oil Wells	1	2
103 - Drilling or Digging Water Wells	0	0
104 - Exploration	32	27
105 - Farming, Trapping or Fishing	0	3
106 - Gravel Crushing or Stockpiling	1	1
107 - Logging, Log Hauling, Skidding or Sawmills	5	3
108 - Long Haul Trucking	19	24
109 - Mapping, Surveying or Prospecting	9	5
110 - Metal Mining	20	7
111 - Placer Mining	19	12
112 - Short Haul Trucking	7	14
113 - Slashing, Staking or Line Cutting	3	1
201 - Bridge Construction or Road Making	29	41
202 - Building Construction	89	98
203 - Concrete Construction	3	4
204 - Concrete Mixing Plants	0	1
205 - Construction of Transmission Lines	0	6
206 - Electrical Contractors	17	9
207 - Excavation	9	6
208 - Heating and Air Conditioning	6	5
209 - Landscaping	0	2
210 - Lumber Yards	29	13
211 - Machine, Carpentry or Glazing Shops	22	13
212 - Other Service Trades	27	16
213 - Painting, Drywalling or Plastering	6	3
214 - Plumbing, Steam Fitting or Gas Fitting	9	7
215 - Trailer Courts	1	3
216 - Welding Shops or Portable Welding	27	20
301 - Air Services	14	19
302 - Vehicle Sales or Service	39	32
303 - Bulk Oil Dealers	6	8
304 - Bus Lines or School Buses	3	2
305 - Churches, Libraries, Museums or Schools	9	4
306 - Cities, Towns, Villages or Municipalities	41	45
307 - Clubs or Recreation Centres	5	5
308 - Communication Services	5	5
309 - Daycare	8	10
310 - Heavy Equipment Sales or Service	8	5
311 - Homes for Children or Seniors	19	18
312 - Hotels, Motels, Lodges, Cabarets or Lounges	32	25
313 - Light and Power Operations	4	6
314 - Other Business	15	5
315 - Other Service Industries	16	17
316 - Outfitting	2	3
317 - Printing, Publishing or Engraving	2	1
318 - Professional Offices	19	16
319 - Restaurants and Caterers	27	11
320 - Retail Sales	79	54
321 - Wholesale Establishments	10	7
325 - Wilderness Adventure Tourism	4	8
401 - First Nations	35	26
402 - Government of The Yukon	273	209
999 - Unknown or Not Coded	0	1
Total Accepted	**1116**	**945**

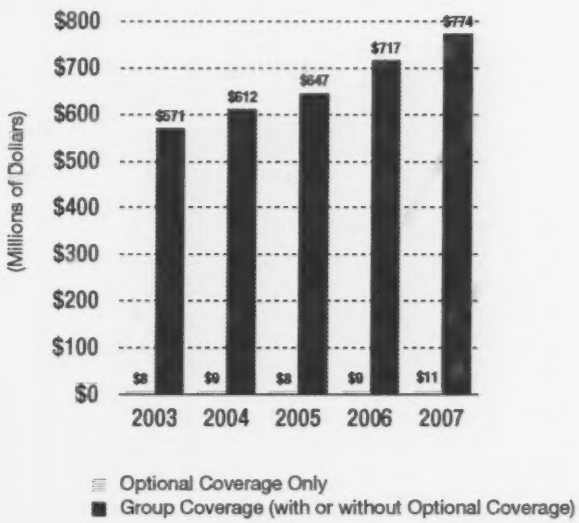
Accepted Claims by Occupation

	2007	2006
Management Occupations	17	33
Business, Finance and Administration Occupations	67	46
Natural and Applied Sciences and Related Occupations	38	43
Health Occupations	77	60
Occupations in Social Science, Education, Government Service and Religion	45	40
Occupations in Art, Culture, Recreation and Sport	12	10
Sales and Service Occupations	256	170
Trades, Transport and Equipment Operators and Related Occupations	525	473
Occupations Unique to Primary Industry	65	60
Occupations Unique to Processing, Manufacturing and Utilities	14	10
Uncoded	0	0
Total Accepted	**1116**	**945**

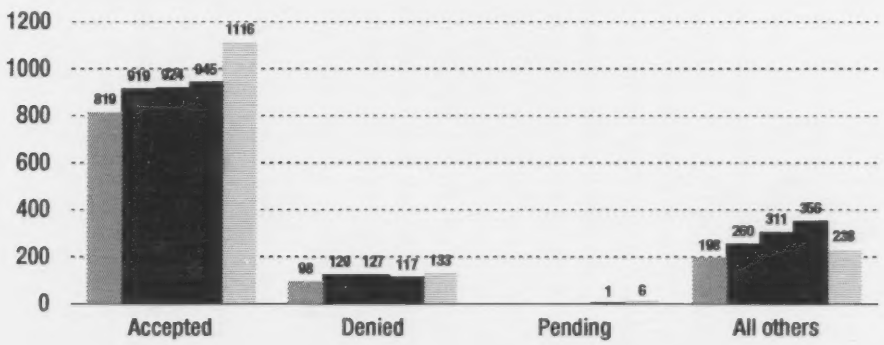
Claims by Time Loss



Assessable Payroll Reported

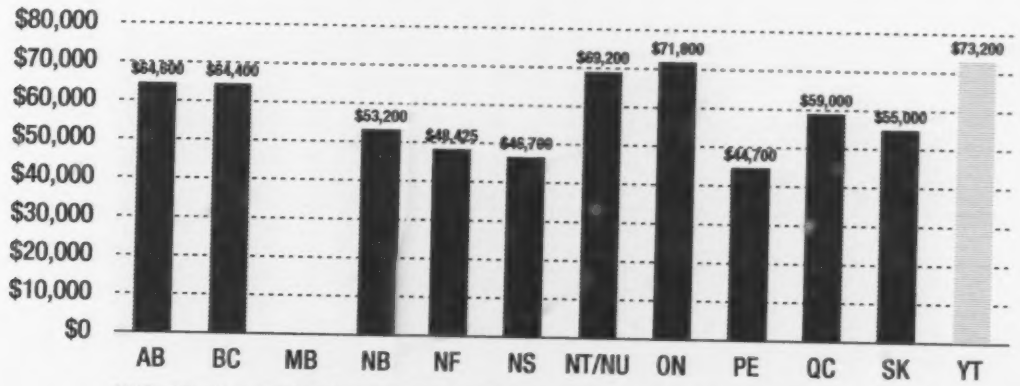


Claims by Decision Status



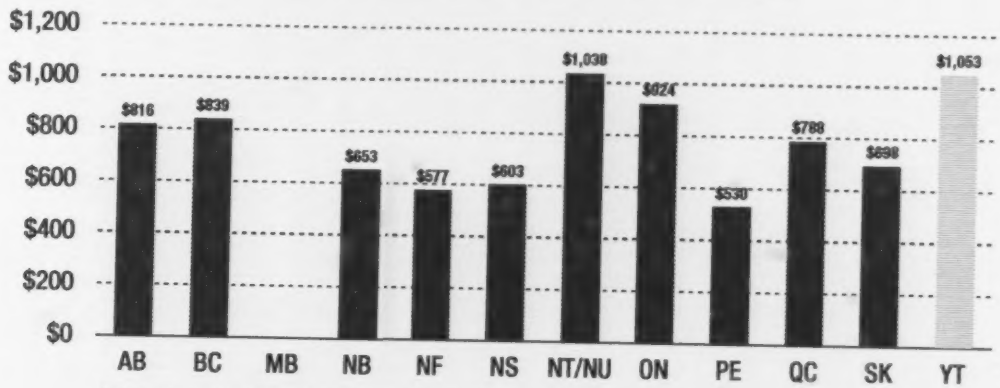
"All others" category is a result of software conversion. During conversion, claims without "costs" were converted to "incident only" and these do not require a "decision" in new software.

Maximum Wage Rate by Jurisdiction - 2007



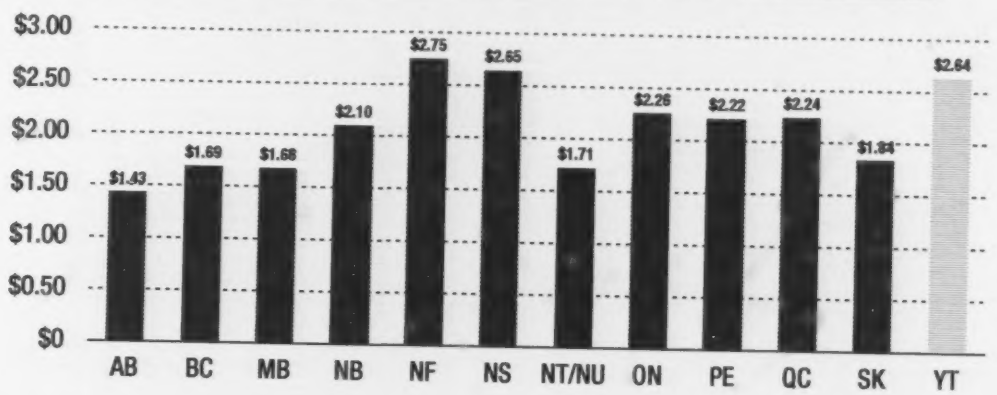
NOTE: Effective Jan 2006, MB no longer has a ceiling on maximum insurable/compensable earnings.

Maximum Weekly Benefits for Temporary Total Disability by Jurisdiction - 2007



NOTE: Effective Jan 2006, MB no longer has a ceiling on maximum insurable/compensable earnings.

Provisional Average Assessment Rate per $100 of Assessable Payroll by Jurisdiction - 2007



Management Discussion and Analysis

This segment of the report deals with the Compensation Fund's financial performance for the year ended December 31, 2007. The audited financial statements that follow are integral to this analysis, and should be read in conjunction with it.

The operating deficit in 2007 was $6.6 million versus a surplus of $3.0 million in 2006. The major contributing factor to the deficit was the $18.3 million decrease in investment revenue in 2007. Investment revenue, which totalled $15.4 million in 2006, declined significantly due to the change in fair value of investments of $10.4 million and this resulted in a net loss of $2.9 million in 2007. Overall the investments - which are valued based on market value at the end of the year - posted a negative return of 1.8% as major equity markets around the world struggled in 2007.

This decline in investment revenue led to an overall revenue decrease of $13.4 million from the previous year. Offsetting a reduction in investment revenue was an increase in assessment revenue which increased from $16.5 million in 2006 to $22.4 million in 2007 due to the final removal of subsidies and an increase in assessable payroll. The increase in assessable payroll is a direct result of the continued strong growth in the Yukon economy combined with an increase in the maximum assessable earnings level.

Claims costs decreased in 2007 and totalled $17.1 million versus $21.4 million for 2006. The decrease in claims costs was due to changes in case management practices, and changes in actuarial assumptions related to new legislation. This is the first time in five years that claims costs have decreased.

The Benefits Liability increased to $112 million as at December 31, 2007 which was an increase of only $1.7 million from the previous year.

Direct operating costs have decreased in 2007 as the YWCHSB focused on reducing costs and streamlining operations without impacting service levels.

The YWCHSB continues to invest in prevention in partnership with its stakeholders via the Prevention Fund and increased its funding with various partners in 2007 by 350%. ($935,000 in 2007 versus $267,000 in 2006).

The Compensation Fund has maintained a strong balance sheet and remains fully funded. The 2007 funding ratio (ratio of total assets to total liabilities) is 120% with total reserves of $24.5 million in 2007 versus $31.2 million in 2006. The decrease in the reserves is directly attributable to the poor investment returns incurred in 2007. The Board of Directors is reviewing this decreased level of reserves to determine appropriate action.

In 2007 the Compensation Fund has started planning for the conversion to International Financial Reporting Standards from Canadian generally accepted accounting principles effective January 1, 2011. A project team is in place that will stay abreast of current changes and inform key decision makers and stakeholders of significant changes that will effect financial reporting as the YWCHSB moves to these common international standards.

Management's Responsibility For Financial Reporting

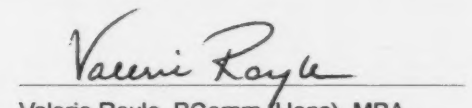
The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2007, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

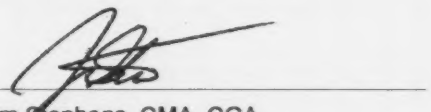
Members of the Board of Directors (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Sobeco, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability included in the financial statements of the Compensation Fund and reported thereon in accordance with accepted actuarial practice.



Valerie Royle, BComm (Hons), MBA
President and Chief Executive Officer



Jim Stephens, CMA, CGA
Vice President, Operations and
Chief Financial Officer

May 15, 2008

Actuarial Certification

With respect to the *Workers' Compensation Act* of the Yukon Territory, I state that in my opinion:

1. The total actuarial liability as at December 31, 2007 for benefit payments of all types expected to be made after December 31, 2007 in respect of accidents of 2007 and prior years amounts to $112,488,000. This liability includes future administrative expenses for all benefits with the exception of Annuity benefits payable at age 65. It does not include any self-insured employers. A provision for future claims arising from latent occupational diseases was not included in this valuation.

2. The liability as at December 31, 2007 for Annuity contributions and interest already set aside by the board up to December 31, 2007 for purposes of providing pension benefits at age 65 to injured workers and dependent spouses of deceased workers is included in item 1 above and was obtained from the board's Finance Division staff.

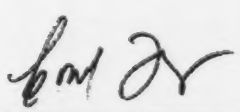
3. The total actuarial liability in item 1 above is inclusive of legislative changes proposed under Bill 52, An Act to amend the *Workers' Compensation Act* of the Yukon Territory. The legislative changes have been reflected to the extent that they would impact accidents which occurred on or prior to December 31, 2007.

4. The data on which the valuation is based were provided by the board. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the board as described above.

5. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate for Workers' Compensation organizations in Canada. The methods employed are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the funding and investment policies of the board.

6. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial report as at December 31, 2007, of which this statement of opinion forms part.



Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2007 and the statements of operations and comprehensive income, reserves, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith. In addition, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
April 25, 2008, except as to Notes 6 and 14 which are as of May 15, 2008

Compensation Fund

Balance Sheet

As at December 31

	2007 ($000s)	2006 ($000s)
ASSETS		
Accounts receivable (note 3)	$ 3,137	$ 3,233
Investments (note 4)	134,651	139,082
Property and equipment (note 5)	6,802	6,461
	$ 144,590	$ 148,776
LIABILITIES AND RESERVES		
Bank overdraft (note 9)	$ 2,913	$ 1,743
Accounts payable and accrued liabilities (note 3)	3,632	3,505
Benefits liability (note 6)	112,488	110,731
Accrued employee benefits (note 8)	968	1,587
	120,001	117,566
Reserves (note 7)	24,589	31,210
	$ 144,590	$ 148,776

Commitments and Contingencies (notes 10 and 13)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Craig Tuton
Chair

Compensation Fund

Statement of Operations and Comprehensive Income

For the year ended December 31

	2007 ($000s)	2006 ($000s)
Revenue		
Assessments	$ 22,491	$ 16,534
Investment (note 4)	(2,958)	15,424
Recoveries and other receipts	978	1,992
	20,511	33,950
Expenses		
Claims expenses (note 6)	17,125	21,390
Administration (note 11)		
General and Administration	7,015	6,938
Occupational Health and Safety	1,312	1,422
Workers' Advocate	312	381
Appeal Tribunal	135	167
Act Review	26	81
Prevention (note 12)	1,207	536
	27,132	30,915
Operating (deficit) surplus and Comprehensive income	$ (6,621)	$ 3,035

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Reserves

For the year ended December 31

	2007 ($000s)	2006 ($000s)
PREVENTION FUND		
Balance, beginning of year	$ 4,733	$ 5,000
Charges to fund	(935)	(267)
Balance, end of year (note 7)	3,798	4,733
RATE TRANSITION FUND		
Balance, beginning of year	-	1,922
Charges to fund	-	(1,922)
Balance, end of year (note 7)	-	-
ADVERSE EVENTS RESERVE		
Balance, beginning of year	16,380	16,380
Balance, end of year (note 7)	16,380	16,380
STABILIZATION RESERVE		
Balance, beginning of year	10,097	4,873
Operating (deficit) surplus	(6,621)	3,035
Amount charged to Rate Transition fund	-	1,922
Amount charged to Prevention fund	935	267
Balance, end of year (note 7)	$ 4,411	$ 10,097

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Cash Flows

For the year ended December 31

	2007 ($000s)	2006 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 21,834	$ 15,816
Investment revenue - net	6,545	4,919
Recoveries and other receipts	2,036	1,109
	30,415	21,844
Cash paid to:		
Claimants or third parties on their behalf	(15,368)	(15,854)
Employees, for salaries and benefits	(6,694)	(5,569)
Suppliers, for administrative and other goods and services	(3,272)	(3,038)
	(25,334)	(24,461)
Cash provided by (used in) operating activities	5,081	(2,617)
Cash flows from investing activities		
Proceeds on sales and maturities of investments	55,765	62,027
Purchases of investments	(61,010)	(56,182)
Purchases of property and equipment	(1,006)	(2,461)
Cash (used in) provided by investing activities	(6,251)	3,384
Net (decrease) increase in cash	(1,170)	767
Bank overdraft, beginning of year	(1,743)	(2,510)
Bank overdraft, end of year	$ (2,913)	$ (1,743)

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Notes to the Financial Statements

December 31, 2007

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

(a) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period (note 13).

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

Compensation Fund

Notes to the Financial Statements

December 31, 2007

(b) Investments

Pursuant to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, the board has elected to designate all investments as held for trading. Consequently, investments are recorded at fair value. The fair value of publicly traded investments is the quoted market prices. Pooled fund units are valued at their year-end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Cash on account and short-term investments held by the investment managers for investment purposes are included in Investments.

Realized gains and losses, arising on the sale of investments, are recognized in investment income in the period earned. Unrealized gains and losses, arising from fluctuations in fair value, are recognized in investment income in the period in which they arise. Investment income arising from dividends and interest is recognized in the period earned. Investment income is presented net of investment expenses.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in investment income in the period in which they arise.

In adopting the standard for financial instruments the board is required to adopt CICA Handbook Section 3865, *Hedges*. This standard does not have an impact on the financial statements because the board does not engage in the types of transactions addressed by this section.

The board has also adopted CICA Handbook Section 1530, *Comprehensive Income*. This standard requires the presentation of Comprehensive Income, which consists of net earnings and other comprehensive income. As there is no other comprehensive income item to report in the Fund's financial statements, the board has decided to modify the title of the "Statement of Operations" to "Statement of Operations and Comprehensive Income", and modify the line "Operating surplus" to "Operating surplus and Comprehensive income".

(c) Assessments

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification. At year end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls. An allowance for doubtful accounts is provided for assessments receivable based on management's best estimate.

The board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 9).

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(d) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(e) Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Salaries, wages and benefits directly related to internally developed property and equipment are included in the asset's costs. Development costs capitalization will cease when the item is substantially complete and ready for use. The costs will be transferred to the related asset category and amortized. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	5 to 10 years

(f) Employee future benefits

Pension Benefits
All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Fund's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Fund and are expensed during the year in which the services are rendered. The Fund is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Other Benefits
Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, long service, and severance benefits. The benefit obligation is determined on an actuarial basis. The liability for accrued employee benefits is based on the December 31, 2007 actuarial valuation as calculated by the board's actuary. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The long service leave benefit is calculated assuming all employees receive the benefits on the valuation date.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(g) Government funding

In 2005 the Government of Yukon approved the reinstatement of ongoing funding for the Mine Rescue Program, which was transferred to the board in 1993, through an annual grant to the board, beginning in fiscal 2005. This funding is to be reviewed by the Government, at a minimum, every five years. The revenue is accounted for in Recoveries and other receipts in the period in which the related expenses are incurred (note 9).

(h) Use of Estimates

The preparation of the financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. This mainly affects claims expenses, benefits liability, accounts receivable and assessments revenue, useful life of property and equipment, accrued employee benefits and the reserves. Actual results could differ materially from these estimates.

(i) Future Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 3862 *Financial Instruments – Disclosures;* Section 3863 *Financial Instruments – Presentation;* and Section 1535 *Capital Disclosures.* These standards apply to fiscal years beginning on or after October 1, 2007 and accordingly will be effective for the Fund on January 1, 2008. These sections are currently being assessed by management to determine the applicability and impact on the Fund's financial statements.

3. Accounts Receivable and Accounts Payable and Accrued Liabilities

	2007 ($000s)	2006 ($000s)
Receivable		
Assessments	$ 2,865	$ 1,903
Government of Yukon (note 9)	140	1,233
Other receivables	132	97
	$ 3,137	$ 3,233

	2007 ($000s)	2006 ($000s)
Payable		
Assessments	$ 988	$ 683
Government of Yukon (note 9)	1,579	2,032
Other payables and accrued liabilities	1,065	790
	$ 3,632	$ 3,505

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value given their short term to maturity.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

4. Investments and Investment Revenue

The Board of Directors has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

(a) Portfolio Investments

	2007 ($000s) Fair Value	2006 ($000s) Fair Value
Fixed-term securities		
Federal Bonds	$ 19,715	$ 22,955
Provincial Bonds	2,822	6,612
Corporate Bonds	39,161	30,453
	61,698	60,020
Equities		
Canadian	21,844	23,333
United States	21,145	25,120
International	27,018	28,317
	70,007	76,770
Other Investments		
Cash on account	99	211
Treasury Bills	1,758	1,463
Accrued interest receivable	1,148	681
	3,005	2,355
Investments, sub-total	134,710	139,145
Management fee accrual	(59)	(63)
	$ 134,651	$ 139,082

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(b) Investment Revenue (Loss)

	2007 ($000s)	2006 ($000s)
Dividends and interest		
Bonds and short-term investments	$ 3,098	$ 3,021
Equities	3,895	2,395
	6,993	5,416
Gains and (losses) - net		
Realized gains in the year	989	1,387
Change in fair value in the year	(10,484)	9,084
	(2,502)	15,887
Investment management fees	(456)	(463)
	$ (2,958)	$ 15,424

(c) Investment Performance

The investments are managed by two independent investment managers. The rates of return on the investments for the year are as follows:

	2007	2006
Fixed-term securities	3.7%	4.1%
Canadian equities	6.9%	15.4%
United States equities	-13.6%	17.4%
International equities	-9.2%	26.5%

Treasury Bills earn interest at rates ranging from 0.440% to 0.786% (2006 – 0.996% to 1.275%) and mature within 90 days.

(d) Market Risk Management

Market risk is managed through diversification between different asset classes and limiting the concentration in any single portfolio or entity.

(e) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. To manage this risk, the board has determined that short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio. The board has stayed within these guidelines during the year.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(f) Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. The board does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. The fair value of the Fund's US dollar investments as at December 31, 2007 was $35,297,000 (2006 – $40,277,000). The Fund did not hold any investments in other foreign currencies at December 31, 2007 (2006 – nil).

(g) Interest Rate Risk Management

Fluctuations in interest rates can impact the fair value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

The fixed-term securities, at fair value, in thousands of dollars, mature as follows:

1 to 5 years	effective yield of 4.57%	$ 28,422	46%
6 to 10 years	effective yield of 4.86%	12,388	20%
greater than 10 years	effective yield of 4.53%	20,888	34%
		$ 61,698	100%

5. Property and Equipment

	2007 ($000s)			2006 ($000s)
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Land	$ 390	$ -	$ 390	$ 390
Buildings	3,626	(1,273)	2,353	2,164
Furniture and equipment	631	(533)	98	107
Computer systems and equipment	6,249	(2,448)	3,801	372
Systems development [1]	160	-	160	3,428
	$ 11,056	$ (4,254)	$ 6,802	$ 6,461

(1) As of December 31, 2007, costs of $160,000 (2006 – nil) for the CHOICES program were capitalized and will not be amortized until 2008 when the system is substantially complete and in use.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

6. Benefits Liability

	2007 ($000s)				2006 ($000s)
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	$ 81,411	$ 23,156	$ 6,164	$ 110,731	$ 105,195
Add claims costs incurred:					
Current year injuries	14,369	-	-	14,369	13,907
Prior years' injuries [1]	1,632	962	162	2,756	7,483
	16,001	962	162	17,125	21,390
Less claims payments made:					
Current year injuries	2,025	-	-	2,025	3,063
Prior years' injuries	11,601	1,883	(141)	13,343	12,791
	13,626	1,883	(141)	15,368	15,854
Balance, end of year	$ 83,786	$ 22,235	$ 6,467	$ 112,488	$ 110,731

The key actuarial assumptions used to value the benefits liability as at December 31 are as follows:

	2007	2006
Discount rate for medical aid benefits	1.50%	1.50%
Discount rate for compensation benefits	4.00%	2.50%
Discount rate for rehabilitation [2]	n/a	3.50%
Discount rate for survivor and other pension benefits	4.00%	3.50%

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not practical to determine due to its long-term nature.

Significant changes in the benefits liability due to changes in legislation (note 14) and actuarial assumptions included the following:

Compensation Fund
Notes to the Financial Statements
December 31, 2007

	Increase (decrease) in benefits liability ($000s)
Change in provision for recovery from injury	$ 4,773
Adjustments to mortality factors	1,224
Favourable experience on actual termination of benefits	(1,249)
Legislative change - indexing of benefits	(5,645)
Legislative change - CPP disability benefits offset	(1,066)

(1) In 2005, the Board of Directors approved a policy to establish the circumstances in which the Fund will provide lump sum payments to workers as allowed under pre-1993 workers' compensation legislation.

The lump sum payment in lieu of future periodic compensation payments is considered settlement in full of all compensation entitlement in respect of the claim to age 65. The worker may be allowed to receive additional medical treatment.

When the lump sum is paid, an amount equal to 10 percent of the present value of the future loss of earnings compensation is transferred to the annuity account of the Fund to provide a retirement annuity at age 65. At the request of the worker, the annuity amount may be paid into an established superannuation plan.

During the year ended December 31, 2007, the board did not pay out any amounts on account of lump sum payments and Annuities (2006 – $2,022,000 and $317,000). As of December 31, 2007, there are applications outstanding for lump sum payments for a total of approximately $722,000 (2006 – $712,000).

(2) For 2007, the discount rate for rehabilitation is included in the determination of medical aid and compensation benefits liability.

7. Reserves

In 2005, the Board of Directors completed a review of the reserves structure and amended the funding policy, which provides for the establishment of two temporary funds (Prevention Fund and Rate Transition Fund) and two new reserves (Adverse Events Reserve and Stabilization Reserve). The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration. At the end of the fiscal year, once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

Under the current funding policy, the two temporary funds and two reserves are established as follows:

Compensation Fund

Notes to the Financial Statements

December 31, 2007

Temporary Funds:

(i) Prevention Fund

The Prevention Fund serves to provide funding for the start up costs of pre-selected accident prevention and workplace safety initiatives. It was initially established in 2005, with $5,000,000 and will not be replenished once depleted. In 2007, a total of $935,000 (2006 – $267,000) was incurred on accident prevention and workplace safety initiatives. At December 31, 2007, the Prevention Fund has a balance of $3,798,000 (2006 – $4,733,000).

(ii) Rate Transition Fund

The Rate Transition Fund, which was initially established at $6,500,000 and will not be replenished once depleted, was intended to provide temporary funding for the removal of employer assessment rate subsidies. At December 31, 2007, the Rate Transition Fund has a nil balance (2006 – nil).

Reserves:

(iii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from sudden impact of the costs of these types of events. The target level for this reserve is $18,569,000 (2006 – $18,023,000), which has been set at 100 times the maximum wage rate plus 10 percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve; 2007 – nil, (2006 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve; 2007 – nil (2006 – nil). At December 31, 2007, the Adverse Events Reserve has a balance of $16,380,000 (2006 – $16,380,000).

A funding deficiency exists when the reserve is below its target level; 2007 – $2,189,000 (2006 – $1,643,000). In the event of a charge against this reserve and when a funding deficiency exists, the following steps will be taken to replenish the reserve to its target level:

- Any recovery of the costs charged to this reserve will be added to this reserve, up to the target level.
- Any surplus in the Stabilization Reserve will be transferred to this reserve to replenish it up to the target level, if possible.
- If the transfer from the Stabilization Reserve is not sufficient to replenish this reserve to the target level, the reserve will be replenished by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.
- In subsequent years, if a recovery or a surplus in the Stabilization Reserve becomes sufficient to replenish the reserve, any special assessment premium surcharge will be cancelled.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(iv) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 percent of the benefits liability; 2007 – $11,249,000 (2006 – $11,073,000). The operating range for this reserve is determined as the target level balance plus or minus 3.5 percent of the benefits liability. The annual operating surplus (deficit), 2007 – ($5,686,000) (2006 – $5,224,000), net of any amounts charged to the temporary funds and the Adverse Events Reserve, is transferred to this reserve. At December 31, 2007, the Stabilization Reserve has a balance of $4,411,000 (2006 – $10,097,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range. Any surplus (determined as the difference between the reserve balance and its target level) is transferred to the Adverse Events Reserve, up to the target level if the latter reserve is below target. If the Adverse Events Reserve is at its target level and the balance of the Stabilization Reserve exceeds the upper threshold of the operating range, any surplus will be applied as an employer assessment premium rebate based on an established schedule as outlined in the funding policy.

A funding deficiency, 2007 – $6,838,000 (2006 – $976,000), exists when the reserve balance is below its target level. The amount of the deficiency is determined as the difference between the reserve balance and its target level. In the event that this reserve falls below the lower threshold of the operating range, 2007 – $7,312,000 (2006 – $7,198,000), the following steps will be taken:

- Any amounts in excess of the target level in the Adverse Events Reserve will be transferred to the Stabilization Reserve, up to the target level, if possible.
- Any remaining deficiency will be replenished up to the target level by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.

8. Employee Future Benefits

(a) Public Service Pension Plan

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2007 ($000s)	2006 ($000s)
Employees' contributions	$ 269	$ 242
Fund contributions	573	514

Compensation Fund
Notes to the Financial Statements
December 31, 2007

(b) Other Benefits

The liability for employee non-pension benefits, including vacation, sick, long service, and severance at December 31 was as follows:

	2007 ($000s)	2006 ($000s)
Accrued employee benefits, beginning of the year	$ 1,587	$ 1,470
Changes in Actuarial assumptions [1]	(723)	-
Costs for the year	268	334
Payments made during the year	(164)	(217)
Accrued employee benefits, end of the year	$ 968	$ 1,587

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 5.5% (2006 – 7%) and an annual rate of general escalation in wages of 3% (2006 – 3%).

[1] The valuation methodology and actuarial assumptions relating to the discount rate and attribution period were changed as of January 1, 2007, resulting in a reduction in the liability of $723,000.

9. Related Party Transactions

As a statutory Corporation of the Government of Yukon (the Government), the board is related to all Government departments, agencies and Government corporations. The board enters into transactions with these entities in the normal course of business and the transactions are recorded at the exchange amount, which approximates fair value. All mainframe computer software is owned by the Government. The board has access to the Government's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed. At December 31, 2007, there was no requirement for the Fund to pay interest on the overdraft.

The Compensation Fund paid the Government $951,000 (2006 – $668,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund reimbursed the Government for payroll costs of $6,218,000 (2006 – $6,095,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 (note 2c) and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

Compensation Fund
Notes to the Financial Statements
December 31, 2007

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon for the years ended December 31 are as follows:

	2007 ($000s)	2006 ($000s)
Assessments	$ 4,951	$ 4,671
Pre-93 claims costs	170	1,284
Supplementary compensation benefits	402	379
Recoveries and other receipts	373	330

As at December 31, balances due to and from related parties are as follows:

	2007 ($000s)	2006 ($000s)
Due to Government of Yukon (note 3)	$ 1,579	$ 2,032
Due from Government of Yukon - Recoveries (note 3)	140	1,233
Due from Government of Yukon - Assessments	590	249

10. Commitments

The board has commitments for computer software development and maintenance fees, professional legal and medical services, contribution agreements, Prevention Fund agreements and office leases for the next five years and thereafter, in thousands of dollars, as follows:

	Computer software	Professional Services Contracts	Contribution Agreements	Prevention Fund Agreements	Office Leases	Total
2008	31	473	280	690	13	1,487
2009	30	399	280	206	13	928
2010	30	266	280	205	7	788
2011	28	177	-	-	-	205
2012	-	67	-	-	-	67
						$ 3,475

Compensation Fund

Notes to the Financial Statements

December 31, 2007

11. Administration Expenses

	2007 ($000s)	2006 ($000s)
Salaries and benefits	$ 5,682	$ 6,129
Consulting and professional	712	832
Amortization	665	271
Communications	297	300
Buildings	289	267
Automobile and travel	196	208
Computer systems	191	237
Write-down of property and equipment	174	-
Board expenses	143	208
General administration	132	136
Staffing and recruitment	117	130
Printing and publications	112	178
Supplies and stationery	67	68
Furniture and equipment	23	25
	$ 8,800	$ 8,989

12. Prevention Expenses

	2007 ($000s)	2006 ($000s)
Contribution Agreements - Reserves	$ 272	$ 269
Contribution Agreements - Prevention Fund	935	267
	$ 1,207	$ 536

13. Contingencies

The Fund is required to pay for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated and are not included in the benefits liability.

Compensation Fund

Notes to the Financial Statements

December 31, 2007

14. Subsequent Event

On May 15, 2008, the new *Workers' Compensation Act* received third reading and Assent in the Legislative Assembly. The proposed effective date is July 1, 2008. The new Act includes changes that impact the determination of the benefits liability at December 31, 2007 (note 6).

15. Comparative Figures

Certain prior year's figures have been reclassified to conform to the current year's presentation.

2007 Year at a Glance

	2007	2006
Workers covered	19,600	19,300
Incidents [1,4]	2,023	1,984
Claims [1,4]	1,493	1,419
Accepted Claims [1,4]	1,116	945
Lost-time Claims [1,4]	625	516
Lost-time Rate (per 100 covered workers) [1]	3.2	2.7
Fatality Claims Accepted	1	3
Reviews by the Hearing Officer	44	42
Appeals Heard by the Appeal Tribunal	11	27
Registered Employers [1]	2,698	2,598
Maximum Assessable Earnings/Wage Rate	$73,200	$69,500
Assessable Payroll (millions) [1]	$785	$727
Assessment Revenue (millions) [1,5]	$22.5	$16.5
Average Collected Premium Rate (per $100 of insurable earnings) [1]	$2.80	$2.30
Investment Revenue (millions) [2]	– $2.9	$15.4
Investment Fund Market Return	– 1.8%	12.4%
Fund Balance (millions) [2,3]	$134.7	$139.1
Funded Position (as per AWCBC - KSM definition)	100%	100%

Notes:

Estimates may include revisions to prior releases.
1 Revised estimates.
2 As per the financial statements.
3 Market value of Investments.
4 Figures may include counts of duplicate records.
5 Excludes penalties and fines, based on assessment year.

Yukon Workers' Compensation Health and Safety Board

Commission de la santé et de la sécurité au travail du Yukon